

*Quebec Sturgeon River*  
**MINES LIMITED**

*36th*  
**ANNUAL REPORT**

FOR THE YEAR ENDED DECEMBER 31, 1969

# Quebec Sturgeon River MINES LIMITED

## ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1969

To be submitted to the

### THIRTY-SIXTH ANNUAL MEETING OF SHAREHOLDERS

at

TORONTO, ONTARIO

on

February 16, 1970

### HEAD OFFICE

Suite 903, 330 Bay Street, Toronto

### *Officers and Directors*

M. J. BOYLEN, D.C.L., D.Sc., President and Director	- - - -	Toronto, Ontario
C. S. KENNEDY, C.A., Vice-President and Director	- - - -	Toronto, Ontario
R. J. ISAACS, B.A.Sc., P.Eng., Director	- - - -	Toronto, Ontario
D. W. GORDON, F.C.I.S., Secretary-Treasurer and Director	- - - -	Toronto, Ontario
C. B. BRANNIGAN, Director	- - - -	Toronto, Ontario

### *Auditors*

LOFTUS A. ALLEN & CO.	- - - -	Toronto, Ontario
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### *Registrar and Transfer Agent*

GUARANTY TRUST COMPANY OF CANADA	- - - -	Toronto, Ontario
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# QUEBEC STURGEON RIVER MINES LIMITED

## *Letter to the Shareholders*

It is our pleasure to present herewith your Company's financial statements for the year ended December 31st, 1969.

At the last Annual General Meeting of the Shareholders, Snyder, Craig & Co. tendered their resignation as auditors and Loftus A. Allen & Company, whose report is submitted herewith, were appointed.

Gull Pond, Newfoundland Property: As advised last year, the winter of 1968-69 did not produce sufficiently firm ice on the surface of Gull Pond to support a drilling rig. It was thought that it might be possible to reach the drilling targets, namely the geochemical anomalies in the bottom of the lake from set-ups on the shore. During June and July two holes were drilled to intersect both magnetic and geochemical anomalies. Both holes intersected disseminated magnetite and one hole cut a twenty-five foot section carrying minor chalcopyrite. There remain other geochemical anomalies not yet tested which the drillers thought impractical to try to intersect from the shoreline, so that the testing of these will have to await firm ice, which at this writing, has not yet formed. Mr. B. B. Brown, geologist in charge of the work, has stated that he expects that Gullbridge Mines Limited will carry out extensive magnetic and electro-magnetic surveys on the adjoining property during the current winter, and recommends that the claims be retained against the event that the Gullbridge program meets with success and also because of the proximity of the group to a producing ore body.

Rocky Brook Millstream, New Brunswick Property: Under date of December 20, 1967, an option was granted on your New Brunswick property to Sullico Mines Limited and that company's successor, Sullivan Mining Group Limited, have exercised their right to extend the option for a further year until the 20th day of December, 1970. They have advised that it is their intention to do more diamond drilling on the property starting probably early in the coming spring.

Bachelor Lake, Quebec Property: No work was carried out on your Bachelor Lake property since, as yet, the Quebec Hydro Electric Power Commission have not seen fit to extend their lines to the area. As previously reported, this property contains an indicated ore reserve of 488,000 tons assaying .326 ozs. per ton in gold with a shaft sunk to a depth of 1,111 feet.

Your Company will remain on the alert to take advantage of any opportunity of acquiring or participating in an economic mineral development.

Respectfully submitted,

M. J. BOYLEN,

President.

TORONTO, Ontario,  
January 30, 1970.

# QUEBEC STURGEON

(Incorporated under the laws of the Province of Quebec)

## BALANCE SHEET — ASSETS

(with comparative figures for 1968)

### ASSETS

Current Assets	1969	1968
Cash .....	\$ 1,030	\$ 7,068
Short term notes receivable plus accrued interest .....	76,880	—
Accounts receivable .....	15	104
Prepaid insurance .....	279	279
	<u>\$ 78,204</u>	<u>\$ 7,451</u>
Investments — (Note 1)		
Shares of other mining companies — at cost (Quoted market value \$33,747 — 1968 \$39,146) .....	\$ 158,961	\$ 158,961
5% Unsecured, deferred, subordinated notes of Beauce Placer Mining, Company Limited in default since November 30, 1965 .....	175,000	175,000
	<u>\$ 333,961</u>	<u>\$ 333,961</u>
Mining Properties and Fixed Assets		
Equipment, structures and roads at cost (Note 5) .....	\$ 192,739	\$ 192,739
Properties and payments under an agreement to purchase mining properties (Note 2) .....	474,278	473,051
	<u>\$ 667,017</u>	<u>\$ 665,790</u>
Deferred		
Preproduction and deferred development expenditure .....	\$1,095,777	\$1,084,466
	<u>\$2,174,959</u>	<u>\$2,091,668</u>

The attached notes form an integral part of this balance sheet.

### AUDITORS' REPORT

We have examined the balance sheet of QUEBEC STURGEON RIVER MINES LIMITED as at the year then ended, in accordance with generally accepted auditing principles applied on a basis of evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company at the year then ended, in accordance with generally accepted accounting principles applied on a basis of evidence as we considered necessary in the circumstances.

Toronto, Ontario,  
January 14, 1970.



# VER MINES LIMITED

Laws of Ontario)

DECEMBER 31, 1969

ures for 1968)

## LIABILITIES

Current Liabilities	1969	1968
Accounts payable and accrued liabilities .....	\$ 1,572	\$ 1,585
Owing to Affiliated Company .....	\$ —	\$ 25,000
Shareholders' Equity		
Capital		
Authorized:		
5,000,000 common shares of \$1 par value .....	<u>\$5,000,000</u>	
Issued (Note 4):		
2,461,113 common shares (1,894,215 in 1968) .....	\$2,461,113	\$1,894,215
Less: Discount thereon .....	1,617,553	1,164,035
	\$ 843,560	\$ 730,180
Contributed Surplus (Note 3) .....	1,037,818	1,037,818
Retained Earnings .....	292,009	297,085
	<u>\$2,173,387</u>	<u>\$2,065,083</u>
Approved on behalf of the Board:		
M. J. BOYLEN, Director.		
C. S. KENNEDY, Director.		
	<u>\$2,174,959</u>	<u>\$2,091,668</u>

art of these financial statements.

## THE SHAREHOLDERS

ember 31, 1969 and the statements of retained earnings, preproduction and deferred development  
eneral review of the accounting procedures and such tests of accounting records and other supporting

ecember 31, 1969 and the results of its operations and the source and application of its funds for  
sistent with that of the preceding year.

LOFTUS A. ALLEN & CO.,  
Chartered Accountants.

# QUEBEC STURGEON RIVER MINES LIMITED

## STATEMENT OF PREPRODUCTION AND DEFERRED DEVELOPMENT EXPENDITURES

For the year ended December 31, 1969  
(with comparative figures for 1968)

	1969	1968
<b>Mining Properties in Quebec</b>		
Balance — beginning of year .....	\$ 501,672	\$ 500,156
Taxes and license fees .....	767	767
Insurance .....	749	749
Balance — end of year .....	\$ 503,188	\$ 501,672
<b>Mining Properties in New Brunswick</b>		
Balance — beginning and end of year .....	\$ 582,204	\$ 582,204
<b>Mining Claims in Newfoundland</b>		
Balance — beginning of year .....	\$ 590	\$ —
Expenditures during year .....	9,795	590
Balance — end of year .....	\$ 10,385	\$ 590
	<u>\$1,095,777</u>	<u>\$1,084,466</u>

## STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1969  
(with comparative figures for 1968)

	1969	1968
Balance — beginning of year .....	\$ 297,085	\$ 302,810
Add: Interest earned .....	4,732	—
	\$ 301,817	\$ 302,810
<b>Deduct:</b>		
Administrative and general expenses .....	\$ 9,609	\$ 4,448
Interest on advance .....	199	1,250
Mining claims at Gull Pond, Newfoundland		
Exploration costs written off .....	—	27
	\$ 9,808	\$ 5,725
Balance — end of year .....	<u>\$ 292,009</u>	<u>\$ 297,085</u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1969  
(with comparative figures for 1968)

	1969	1968
<b>Source of Funds</b>		
Issue of 566,898 shares at 20¢ per share .....	\$ 113,380	\$ —
Interest earned .....	4,732	—
	<u>\$ 118,112</u>	<u>\$ —</u>
<b>Application of Funds</b>		
Mining claims restaked .....	\$ 1,227	\$ 840
Mine development and prospecting expenses .....	11,311	2,106
Repayment of advance .....	25,000	—
Administrative, general and interest expenses .....	9,808	5,725
Re-classification of mining stores and supplies .....	—	3,840
	<u>\$ 47,346</u>	<u>\$ 12,511</u>
Increase or (decrease) in working capital .....	<u>\$ 70,766</u>	<u>(\$ 12,511)</u>
<b>Working Capital</b>		
Beginning of year .....	\$ 5,866	\$ 18,377
Increase or (decrease) .....	70,766	(12,511)
End of Year .....	<u>\$ 76,632</u>	<u>\$ 5,866</u>



# QUEBEC STURGEON RIVER MINES LIMITED

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1969

### 1. INVESTMENTS

Shares in other mining companies:

No. of Shares	Market Value		Cost	
	1969	1968	1969	1968
294,938 Beauce Placer Mining Company Limited .....	\$ 14,747	\$ 20,646	\$ 38,481	\$ 38,481
10,000 First Maritime Mining Corporation Limited .....	19,000	18,500	120,480	120,480
	<u>\$ 33,747</u>	<u>\$ 39,146</u>	<u>\$ 158,961</u>	<u>\$ 158,961</u>

  

			Cost	
			1969	1968
5% Unsecured, deferred, subordinated notes of Beauce Placer Mining Company Limited .....			<u>\$ 175,000</u>	<u>\$ 175,000</u>

The notes have been in default since November 30, 1965. Mining operations of that company were suspended in 1966 and there is no immediate prospect of repayment.

No provision has been made for possible losses which may eventually arise from these long-term investments in shares and notes.

### 2. MINING PROPERTIES

In the Province of New Brunswick:

2 Mining licenses in the Township of Beresford, County of Gloucester, subject to an obligation to pay \$260,000 out of the net profits arising from bringing the property into production.

The property has been optioned to Sullico Mines Limited (No personal liability) which has the right until December 20, 1970 to form a new company and to cause 12½% of its authorized capital to be allotted to the Company as a consideration for the transfer of the Company's interest and title to this property .....

1969	1968
\$ 399,213	\$ 399,213

In the Province of Quebec:

The exclusive right to explore, develop and carry on mining operations on 19 claims and 1 mining concession in the Bachelor Lake Area of the Township of Lesueur, District of Abitibi East under an agreement which provides for a royalty of 7% of the monthly net mint returns from gold and silver with a quarterly minimum of \$4,500 and an aggregate maximum of \$275,000. On payment of the aggregate maximum of \$275,000, the development licenses covering the claims, concession and other title papers become the property of Quebec Sturgeon River Mines Limited.

After paying minimum royalties totalling \$67,500, further payments were suspended from December 28, 1965 until such time as a power line is extended to the claims by the Quebec Hydro Electric Commission or alternatively the reconsideration of the moratorium by the vendor at two-year intervals. The next moratorium termination date open to the vendor would be December 28, 1971 subject to three months' prior notice.

## 2. MINING PROPERTIES — Continued

The Company was required to bring the above-noted mining concession into production during 1966 under the prevailing regulations and as this did not occur, title is held subject to the pleasure of the Provincial authorities.

Minimum royalty payments made .....	67,500	67,500
Other costs .....	5,498	5,498
In the Province of Newfoundland:		
24 claims in Gull Pond Area		
Staking costs .....	2,067	840
	<u>\$ 474,278</u>	<u>\$ 473,051</u>

## 3. CONTRIBUTED SURPLUS

In 1964 there was a capital reorganization which resulted in a decrease of 1,417,409 in the net book value of the capital stock and a transfer of this amount to contributed surplus. At the same time, mining properties and development expenses totalling \$379,591 were written off reducing this surplus to the current balance of \$1,037,818.

## 4. SHARE CAPITAL

During 1969, the Company issued 566,898 shares for \$113,380 to subscribers who exercised their right to purchase one additional share at the record date of January 21, 1969.

## 5. DEPRECIATION ON FIXED ASSETS

Equipment, structures and roads carried on the balance sheet at cost, are all located at the Bachelor Lake, Quebec property. Development at this property was suspended in 1963. It is the Company's policy not to provide for losses or depreciation on fixed assets until properties are brought into production or abandoned.

## 6. MISCELLANEOUS

The total remuneration paid to directors and senior officers was \$250 (1968 — \$325).